

# The Road Ahead to Performance Management

by Mr. Terry Jones, Staff Writer

*It seems like only yesterday, but it has been 12 years since the adoption of the Government Performance and Results Act of 1993, which sought to alleviate the difficulty federal managers faced when trying to improve the effectiveness of their programs. To an evident degree, this difficulty was attributed to the lack of management tools available for formally articulating program goals and accurately assessing program performance.*

**F**ast forward from 1993 to May 25, 2001, when President George W. Bush announced in his Management Agenda that the Department of Defense (DoD) would move in a new strategic direction toward transformation. “As President, I am committed to fostering a military culture where intelligent risk taking and forward thinking are rewarded, not dreaded. And I’m committed to ensuring that visionary leaders who take risks are recognized and promoted.” What the President set in motion was a process of managing and working creatively to achieve efficient and effective results. Those responsible for Defense transformation — virtually all DoD military and civilian employees — were told to anticipate and help create future outcomes whenever possible.

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DCMA leaders did this by conducting 360-degree assessments in 2001 to determine the Agency's direction and performance. The assessments revealed that the Agency was compliance-oriented rather than customer-oriented. Congress and senior Defense officials were constantly asking the Agency to defend its relevance in budget and Program Objectives Memorandum submissions. Senior leaders became frustrated because they could only answer the question, "How are we doing?" with anecdotal examples. In 2003, tools such as the Customer-Centered Culture (C3) were introduced to help Agency supervisors develop performance measures for their non-supervisory personnel. All of these were precursors to Air Force Maj. Gen. Darryl A. Scott, DCMA director, announcing to the DCMA senior leader team on March 17, 2004, his vision to transform the Agency into a performance-based, customer-focused organization.

To convince the workforce that the DCMA transformation had begun, Maj. Gen. Scott symbolically threw out the Agency's procedural bible, the *One Book*, opting instead to use it as an operational guide. He told the leaders that his vision would be realized when everyone in the Agency could do three things: (1) understand their customers; (2) develop outcomes agreed to and validated by their customers; and (3) create metrics that measure their contributions to the customers' success in a logical, repeatable way.

For the road ahead, the challenge for DCMA supervisors and staff is to get those three things done. Leaders and teammates have to create a customer-focused environment in which an organization's success is measured by a customer's success. The theory and the reality of performance-based management (PBM) will

be officially joined on Jan. 1, 2006, when DCMA begins to institutionalize PBM by ensuring that every employee — military and civilian — has performance requirements based on customer outcomes in his or her individual performance plan (IPP). For supervisors, performance requirements capture and reflect the performance they influence; for non-supervisors, it is the performance they control.

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Will supervisors and staff be required to have outcome measures for everything they do? No. But, there is a new critical job element titled Contribution to Mission Accomplishment (CTMA) that will highlight the most significant of the organizational outcomes. Each supervisor and employee will be required to map between three and seven of their outcomes to the CTMA. According to Maj. Gen. Scott, "Seven isn't necessarily better than three, or vice versa. Most of us can capture 80 percent or more of the most important things we do in three to seven outcomes. If you don't think seven will cover 80 percent, stop at your top seven anyway," he said.

Under the new system, managers and supervisors will have a better way to differentiate between outstanding and fully successful employee performance. The old system has three rating levels: fully successful, minimally acceptable and unacceptable. "Everybody falls pretty much at the 'fully successful' level," said Mr. Tom Wall, DCMA's senior human resource specialist leading the effort to train managers and supervisors in the new IPPs. "This new system will have rating levels of 'outstanding,' 'fully successful' and 'unacceptable.' High-performing, high-achieving employees will be recognized under the new system." Although the CTMA critical job element will be the most



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important part of the employees' ratings, they will continue to be rated on "behavioral" job elements (depending upon the nature of their jobs) such as: leadership/supervision, resource management, communication, customer care, cooperation/teamwork and technical competency/problem solving.

### The PBM Timeline

In October and November, seven training teams conducted mandatory performance-based IPP training for all of the approximately 800 civilian and 125 military supervisors in the Agency. The supervisors are expected to train the individuals they rate and, in December, conduct discussions with them to review management's performance expectations. "We refer to this process as collaboration between the supervisor and the employee," said Mr. Wall. "General Scott is also requiring that each contract management office (CMO) submit a certification to their District and each District to DCMA Headquarters by Jan. 4, 2006, that their employees are on a performance-based

IPP." Employees will receive their first performance ratings under the new system in February 2007.

### Why This is Difficult

The distance between theory and practice is the difference between talking and doing. As industrialist Mr. Andrew Carnegie once said, "As I grow older, I pay less attention to what people say. I just watch what they do." According to Mr. Bob Costello and Mr. Steve Herlihy, co-chairs of the Contract Management Operations' Performance-Based Execution Team, the transformation to PBM is a major culture change for the DCMA workforce. "This is not like turning on a light switch," Mr. Costello said. "It's a journey, one in which we are going to mature more and more."

The two men — and people who work with them — spent three months visiting CMOs to

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(Above) From left: Mr. Bob Costello, co-chair of the Contract Management Operations' Performance-Based Execution Team; Mr. Tom Wall, senior human resource specialist; and Mr. Steve Herlihy, co-chair of the Contract Management Operations' Performance-Based Execution Team (DCMA staff photo)

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determine their progress in getting ready for the conversion to PBM. At the same time, they have been functioning as a conduit between field personnel and DCMA leadership. “This is harder than any of us really thought it would be,” Mr. Costello said. “People are making progress, but it isn’t as quick as we thought.” Everywhere the two men have been, employees have asked them why DCMA is doing this. “It’s all about accountability — what our organizations are signing up to do,” Mr. Herlihy said. “If we are going to sign up to do something, how are we going to execute it? The answer is that we are going to execute it through each supervisor and individual team member executing his or her part of the strategy and being accountable for the results of that strategy. This involves trying to understand the customers’ desired outcomes, determining what we can do to contribute to those outcomes and then drilling down in processes or ‘decomposing’ them down to the individuals. That is going to take a lot of analysis and a lot of trial and error,” he said.

Mr. Costello agreed, adding, “We are asking our industrial specialists [IS] and quality assurance [QA] specialists to put strategies together to change a contractor’s behavior in order to achieve a result that helps the program office. You cannot control that; you can only influence it. The contractor has the contract to perform. The program office has the oversight or real program achievement. So, it gets down to — within our part of the world — what part of the program we can influence,” he emphasized.

Throughout the Agency, managers and supervisors are being asked to analyze new strategies, work with their teams to implement them and then measure their success. “You may

not make it the first time,” Mr. Costello said. “You may have thought you had influence and you didn’t. As we talk to the leadership in the field about this, we are asking them to step off the ledge to measure themselves against something they don’t control, something [for which] they only believe they can impact the difference.”

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“That is a big difference from the old compliance culture for us,” Mr. Costello emphasized. “People are comfortable if I ask them to measure themselves against a QA or IS function. But, to say what you did and what impact it had on a desired outcome, that’s a lot tougher and, in their minds, a lot riskier.”

The risk is far greater for DCMA if it doesn’t go down this road. “The fact is that we have gone from 25,000 people down to 10,000,” Mr. Costello said. “We can’t continue to take cuts. We must be able to clearly articulate the value our 10,000 people bring to the business of getting weapons to the warriors.” When he tells this to people in the field, the question he gets is, “Are you telling me that I’ve been messing up for the past 20 years and what I did was not valuable?” The answer, of course, is, “No.” “They have been doing great things for us, and they have done exactly what we asked them to do,” Mr. Costello said. “Then the next question they ask is, ‘If I was okay then, why are you making me change?’ Because it is not the years, it is the changes that help us to grow.”

President John F. Kennedy summed it up in 1960 when he said, “Change is the law of life. And those who look only to the past or present are certain to miss the future.” PBM is the highway to DCMA’s future.